

CONTRACT

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Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.
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Date 10/1/99 Exemption

Name and Address of Contractor: AT&T
2020 K Street, NW, Suite 700
Washington, DC 20006

NEGOTIATED AGREEMENT

The Contractor agrees to perform all of the services set forth or otherwise identified on pages 2 through 21 plus Attachments 1 and 2 of this contract for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the contract.

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Attachments:

Attachment 1 - AT&T proposal, dated June 13, 1996, pages: 54, 57-58, 61, 64, 104, 111-112, 115-134, 148-149, 155-164, 178-184, 189-190, 202-219

Attachment 2 - Key Personnel, pages 50, 55-56, 59-60, 62-63 and 105-110 of AT&T proposal dated July 13, 1996

Alan L. Chvotkin
Alan L. Chvotkin
Assistant Vice President
New Business Development
AT&T Government Markets

7/29/96
Date

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Contracting Officer
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7/29/96
Date

ORIGINAL

1. SUPPLIES OR SERVICES AND PRICES/COSTS

1.1 PURPOSE

The purpose of this contract is to establish a National Passport Information Center (NPIC) that will respond with voice response units (VRU) and live operators (LO) via telephone, fax, mail, Internet, etc. to inquiries by the general public for information from the Department of State. The actual mode of responding to inquiries will be mutually agreed upon.

1.2 TYPE OF CONTRACT

This is a NO COST to the U.S. Government SERVICES CONTRACT. No appropriated funds will be made available or utilized in the performance of this contract. The Government shall not receive any distribution of user fees under the terms of this contract. The Contractor shall be responsible for collection of all user fees and for disbursement of funds for all contract performance costs.

1.3 PRICING

The contract will provide for a Base Contract term of three years with two one year options for a potential contract duration of up to five years. The option years are pre-priced. The Government will review the pricing for fairness, reasonableness and realism based on the actual call volume, call lengths, and VRU/LO ratio in the "Management Reports" (see Subsection 3.4) for the NPIC. The methodology to be utilized in the Government review of the pricing is contained in Microsoft Excel document "ATTCOST.XLS" dated July 2, 1996 which is hereby incorporated by reference. The variables affecting the pricing shall be:

- total call volume;
- average LO call length;
- average VRU call length; and
- VRU/LO ratio.

The variables shall be obtained from the "Management Reports" for the NPIC. Utilizing this methodology, the Government may implement either a downward or upward price adjustment once every twelve months, unless otherwise bilaterally agreed to, and prior to exercising an option. An upward adjustment in the price will only be implemented if any of the variables are not realized and an upward adjustment is justified based upon the Contractor's methodology. For price adjustment purposes, the variables utilized in determining the initial contract prices are 2.5 million telephone inquiries per year with approximately 70% of the calls handled by the VRU, and approximately 30% of the calls requiring LO assistance averaging three minutes in length. It is estimated that approximately 5,000 calls requiring a Telecommunications Device for the Deaf (TDD) will be received per year.

When a caller transfers from the VRU to a Live Operator, the caller shall be charged the per minute rate for the actual amount of time in each type of service.

Pricing: Calls shall be charged at a per minute rate for the actual amount of time utilized per call.

BASE PERIOD

First twelve months of NPIC operation:

Voice Response Unit	Per Minute Rate	\$0.35	TDD \$0.35
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Live Operator	Per Minute Rate	\$1.05	TDD \$1.05
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Optional 800 Service

Voice Response Unit	Per Minute Rate	\$0.35	TDD \$0.35
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Live Operator	Per Minute Rate	\$1.05	TDD \$1.05
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Second twelve months of NPIC operation:

Voice Response Unit	Per Minute Rate	\$0.35	TDD \$0.35
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Live Operator	Per Minute Rate	\$1.05	TDD \$1.05
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Optional 800 Service

Voice Response Unit	Per Minute Rate	\$0.35	TDD \$0.35
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Live Operator	Per Minute Rate	\$1.05	TDD \$1.05
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Third twelve months of NPIC operation:

Voice Response Unit	Per Minute Rate	\$0.35	TDD \$0.35
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Live Operator	Per Minute Rate	\$1.05	TDD \$1.05
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Optional 800 Service

Voice Response Unit	Per Minute Rate	\$0.35	TDD \$0.35
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Live Operator	Per Minute Rate	\$1.05	TDD \$1.05
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OPTION PERIOD ONE

Fourth twelve months of NPIC operation:

Voice Response Unit	Per Minute Rate	\$0.35	TDD \$0.35
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Live Operator	Per Minute Rate	\$1.05	TDD \$1.05
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Optional 800 Service

Voice Response Unit	Per Minute Rate	\$0.35	TDD \$0.35
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Live Operator	Per Minute Rate	\$1.05	TDD \$1.05
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OPTION PERIOD TWO:Fifth twelve months of NPIC operation:

Voice Response Unit	Per Minute Rate	\$0.35	TDD \$0.35
Live Operator	Per Minute Rate	\$1.05	TDD \$1.05
Optional 800 Service			
Voice Response Unit	Per Minute Rate	\$ 0.35	TDD \$ 0.35
Live Operator	Per Minute Rate	\$ 1.05	TDD \$ 1.05

Pricing Alternate: After obtaining a reasonable amount of historical data from the "Management Reports" the parties may bilaterally agree to a flat rate per call based on the methodology contained in Microsoft Excel document "ATTCOST.XLS" dated July 2, 1996. Utilizing the pricing methodology contained in the Excel document and the variables identified above, the flat rate per call shall be determined based on the per minute price for the VRU and the LO times the average call length.

Example: Utilizing the estimated quantity of 2.5 million telephone inquiries per year with approximately 70% of the calls handled by the VRU, and approximately 30% of the calls requiring LO assistance averaging three minutes in length and prices set forth above, the flat rate per call for the VRU would be \$1.05 and the flat rate per call for the LO would be \$3.15.

2. DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

2.1 BACKGROUND

The U. S. Department of State's Passport Service Directorate in the Bureau of Consular Affairs (CA/PPT), among other duties, is responsible for handling phone inquiries from the general public relating to passport services, spread over 15 regional Agencies (Seattle, Los Angeles, San Francisco, Washington DC (2 Agencies), Chicago, Philadelphia, Miami, New Orleans, New Hampshire, Boston, Stamford, Houston, Honolulu, and New York City) serving the United States (including Hawaii, Alaska, Puerto Rico, Guam, Virgin Islands, Commonwealth of the Northern Mariana Islands, Republic of Palau, Republic of the Marshall Islands, Federated States of Micronesia, Johnston Island, and the American Samoa Islands). In 1994 there were approximately 2 to 2.5 million telephone inquiries from the general public processed by the Passport Agencies. Approximately 70% of the calls were handled by a VRU averaging less than three minutes in length, and approximately 30% required operator assistance averaging three minutes in length. The Department does not guarantee that the call volume will remain the same.

Over the past five years the number of callers has grown to a point that has made the Department's current decentralized phone-answering architecture inefficient and costly. Service levels and responsiveness are falling; phones

aren't getting answered, customers frequently encounter busy signals before the successful completion of their call, or if they do get through, may remain on hold for 20 or 30 minutes. It is estimated that 50% of the Agencies have a call abandonment rate in excess of 30%.

2.2 REQUIREMENT

The purpose of this contract is, initially, to establish a National Passport Information Center (NPIC) that will respond with VRUs and live operators via phone, fax, mail, Internet, etc. to inquiries by the general public for passport and visa information. The Contractor shall answer all calls with the VRUs available twenty-four hours a day, seven days a week. The live operators shall be available at a minimum from 7 a.m. to 7 p.m. eastern standard time, Monday through Friday excluding Federal holidays. Both services shall be available in Spanish, English and TDD. It is estimated that approximately 5,000 TDD calls are received per year, and that approximately 20% of the total calls require Spanish assistance. The Contractor will be responsible for providing the services with the appropriate number of staff, telephone circuits, equipment and facility that are necessary to perform the function.

The Center shall be accessible to the public through toll line and 900 services with an 800 service provided by the Contractor at the Government's option. The Center shall be self-supporting, using the revenues generated from the 900 service to finance all services and equipment required for the NPIC. However, because not all households, businesses and federal agencies have 900 access capability, an appropriate number of circuits shall be available to provide for a toll number, and 800 service if this option is exercised. If the "800" line is exercised, it shall be used with alternative billing (such as credit card, phone card, debit card) and shall not be used to provide free access to the NPIC.

2.3 STANDARD SERVICES

The Contractor shall ensure the NPIC is available to 100% of the Passport Agency's customers (business and residential) throughout the United States, including Alaska and Hawaii, and Puerto Rico, the Virgin Islands, Guam, Commonwealth of the Northern Mariana Islands, Republic of Palau, Republic of the Marshall Islands, Federated States of Micronesia, Johnston Island, and the American Samoa Islands. The Contractor shall:

- provide a facility adequate to perform the functions outlined within this solicitation which has the capability to accommodate expansion of up to triple the initial years call volume;
- provide all equipment and software necessary to perform the functions outlined, including workstations for operators, and personal computers where appropriate;
- provide an adequate number of "900, 800 (if exercised), and toll" telephone circuits and numbers to ensure that the NPIC is not in a total busy state for more than five consecutive minutes;
- provide a sufficient level of VRUs and live operator service, available in Spanish, English and TDD, so that the abandonment rate shall not exceed 5%;

- perform the writing and recording of all voice recorded messages and scripting;
- perform mailings and other distribution of requested information and applications to callers;
- advertise the services to the external Government arena;
- conduct all follow-on training to Contractor personnel; and
- obtain all permits, copyrights, and licenses necessary for the performance of this contract.

2.3.1 Hardware

- The Contractor shall provide and maintain all equipment necessary to perform the functions outlined.
- The Contractor shall provide all circuits, cables and telecommunication connectivity, 900/toll and 800 if exercised, and establish and maintain local carrier service to the NPIC.
- The Contractor shall provide a complete PBX package, Automatic Call Distributor (ACD), and phone switch which has the capability of transferring calls to a Passport Agency directly, if necessary. The Contractor shall provide personal computers (PC) and software with the ability to access Passport's Wide Area Network (WAN) to conduct status checks at the agencies. The status checks will require remote access to fourteen separate data basis (two agencies share a data base). The Contractor's location will be treated as a node off the FTS2000 Frame Relay Network. The Contractor's direct connectivity to the FTS2000 Frame Relay Network will not be a cost to the Contractor. The line will be connected to a port off of CA's router. The Contractor will be held responsible for the connection to the CA phone switch.
- The Contractor will have "inquiry only" capability. The Contractor shall provide, install, and maintain all hardware and software associated with the network connection, to include a Racal-Guard encryption device or equivalent, monthly network fees, one Frame Relay HP2735 router with one WAN port, and PC based telecommunication software package capable of WYSE 60 terminal emulation. The Contractor shall provide a full backup connection to the WAN network.

2.3.2 Telephone Circuits And Numbers

- The NPIC shall be available to all Passport Agency's customers. Due to the existence of "900" block, the Contractor shall establish separate "toll circuits," and "800," if exercised, for public inquires.
- The "900, 800 and toll" numbers shall be obtained by the Contractor, reserved and retained for exclusive use in the performance of this contract and be used Nationwide, including Alaska and Hawaii. In the event the contract is terminated, the Contractor shall relinquish to the U.S. Government the rights to use the existing numbers for the "900, 800 and toll" services.
- The Contractor shall be responsible for obtaining, paying for, maintaining, servicing and managing all telephone circuits required to perform this contract.

2.3.3 Service

The Contractor shall provide a sufficient level of service to assure the NPIC is not in a total busy state for more than 5 consecutive minutes. One hundred percent of all calls shall be answered within two rings and shall be handled by either a VRU or a Live Operator within thirty seconds. Also, the Contractor shall ensure that the abandonment rate shall not exceed 5% measured on a monthly basis.

Voice Response Unit

- The Contractor shall provide a state-of-the-art VRU(s) (e.g., Conversant) complete with Automated Call Distributor (ACD) and shall produce management reports for trend analysis, abandonment rate, total system busy reports, etc.
- The VRU shall be of the decision tree type, with a menu driven base, by which the message provides the caller with general information related to passport services and allows the caller to seek further information from a live operator. There shall be a "return to menu" option.
- Callers shall have the option of either English or Spanish language messages after the English preamble. This requirement for multi-language service also applies to the TDD capable line(s).

Live Operator Service

- The Contractor shall provide a live operator call answering service to receive calls from the public and to provide information concerning passport requirements, application procedures and status. Status checks currently average less than two minutes each. After obtaining all relevant caller information, inquiries requiring Agency attention shall be either facsimiled or e-mailed to a Passport Agency or headquarters. The Government will identify the types of inquiries that can be referred to a Passport Agency or headquarters.
- The live operator service shall have the ability to automatically capture the data regarding caller inquiries and problem resolution, length of call, caller origin, number of operators available taking calls, and any other information required to provide statistical data and management reports as may be requested by the Government.
- The live operator service shall have the ability to be expanded as necessary to respond to the varying call volumes and peak periods of activity. For example, the current peak period for passport inquiries is from April through August averaging between 1 to 1.5 million calls.
- The Contractor shall develop and maintain general passport information that can be searched by the operators for easy reference. The information shall contain, at a minimum, the following Government provided information: general passport requirements, acceptance facilities, and lists of places to obtain birth certificates. Most information will be provided to the Contractor by the Government in paper form.
- The live operator service shall provide status on document applications, e.g., passports, after accessing the Department's

database. Live operator service shall be available in English and Spanish languages and to TDD.

Voice Recorded Messages and Scripting

- All messages shall be recorded by the Contractor using voices provided by the Contractor and approved by the Government. The initial Script and subsequent script changes shall be written by the Contractor and approved by the Government. Changes to the messages, whether updating or providing new information, shall be provided by the Contractor at no cost to the Government. The Government may at any time direct the Contractor to add, change or terminate certain scripts and/or messages. There are at least six areas, such as visa, passport, status checks, general information, and after hour assistance, that shall be addressed by the VRU. The depth of the decision tree shall be structured by the Contractor and approved by the Government.

Mailings

- The mailing of applications and information to the general public and all related costs, such as, envelopes, postage, and the addressing, insertion, labeling and transportation of envelopes/packages to the post office shall be borne by the Contractor. The Government will provide the materials to be mailed. Mailings currently average less than 100 pieces per day.

2.3.4 Advertising

The Government will advertise the availability of these services within the Government arena, for example, U.S. Post Offices, Congressional offices, other Government Agencies. To permit adequate planning and response time for meeting peak traffic volumes, the Government shall provide not less than ten working days notice prior to implementation of special advertising or other Government controlled traffic stimulators.

The Contractor shall advertise the services to the external Government arena to the maximum extent practical (see Attachment 1 pages 209 through 219). As a minimum the Contractor shall advertise utilizing pamphlets, posters, and the telephone directory Blue Pages. All advertisements shall be approved by the Government prior to dissemination.

2.3.5 Training

The Government will provide initial passport related training to the Contractor and will jointly develop follow-up training. The training will begin no later than thirty days prior to the operational start-up time and will range between 80 and 120 hours. The Contractor's managers and supervisors, as well as a minimum of one-third of the staff, shall attend the training. The training will include classroom and hands-on computer based training on a model Travel Document Issuance System (TDIS), via Passport's Wide Area Network, for status inquiry checks. The training will be conducted at the Contractor's facility and the Contractor shall bear all training related costs, i.e., Contractor personnel. Following the initial training, the Contractor will be responsible for training its personnel. It is

recommended that approximately four hours of training per week be conducted during the initial phase-in time and approximately two hours of training per week for the remainder of the first contract year. The Government will provide information regarding changes in laws, regulations and procedures for the Contractor to develop and implement into follow-up training.

2.3.6 Licenses

The Contractor is responsible for obtaining all permits, contracts, copyrights, licenses, software licenses, etc. necessary for the performance of or as required under this contract, at its own expense.

2.4 EMPLOYEES

The Contractor shall perform a background check on all prospective employees prior to placing under the contract. As a minimum, this check shall ensure that prospective employees do not have a criminal misdemeanor or felony record and have a good credit history.

3. DELIVERIES OR PERFORMANCE

3.1 PERIOD OF PERFORMANCE

(a) This contract shall be effective on the date of the Government's signature, and shall remain in effect for three years thereafter.

(b) The Government may unilaterally extend the term of the contract by written notice(s) to the Contractor at least thirty calendar days prior to the expiration of the current term of the contract.

(c) The total duration of this contract, including the exercise of any option(s), shall not exceed five years, unless extended by the mutual agreement of the parties.

3.2 PLACE OF PERFORMANCE

The principal place of performance for this contract shall be:

Cocheco Falls Millworks
Dover, New Hampshire

3.3 OPERATIONAL START-UP TIME

The Contractor shall begin the VRU, the live operator service and the informational mail service, for Chicago, Houston, Los Angeles, Miami, New Orleans, New York City, Seattle, and Washington DC within 90 calendar days after contract award (see Attachment 1 page 202). Full service, for all fifteen (15) Agencies, shall be in operation within 120 calendar days after contract award.

If the Government exercises the "800" option, the Contractor shall have sixty calendar days to implement the service after the date of notification by the Government.

3.4 MANAGEMENT REPORTS

The Contractor shall maintain a management reporting database accessible to the Government electronically. The database shall provide, as a minimum, the following information:

- the average customer hold time;
- the number of effective agents;
- the percentage of abandonment;
- customer complaints;
- mean, median and mode response time;
- traffic volume and service levels;
- forecast of staffing requirements for dramatic shifts in call volume;
- grade of service of trunk or agent group;
- traffic capacity of trunk or agent group;
- traffic carried on single trunk in a group;
- data regarding caller inquiries and problem resolution, length of call, caller origin, Passport Agency identification of forwarded calls;
- cost information and management information related to price adjustments;
- number of agents required to meet service level objective; and
- percentage of calls served in a particular time.

The Contractor is required to collect the above listed statistics on an hourly, daily, weekly, monthly and yearly basis.

4. POINT OF CONTACT

Government Representative: Nicholas Dinkel
Telephone Number: (703) 875-6843

First Class Mailing: U.S. Department of State
Office of Acquisition
P.O. Box 9115, Rosslyn Station
Arlington, Virginia 22219

Courier or Hand Delivery: U.S. Department of State
Office of Acquisition
Room 528
1701 N. Ft. Myer Drive
Arlington, Virginia 22209
(Enter through 1700 N. Lynn St.)

(a) The Government may designate in writing one or more Government employees, by name and position title, to monitor the performance of the Contractor and provide technical guidance for this contract. Each representative shall be identified and their authority shall be specified.

5. TERMS AND CONDITIONS

5.1 INSURANCE REQUIREMENTS

The Contractor shall, at no expense to U.S. Government, provide and maintain, in addition to any other insurance coverage required elsewhere in this contract, the following types of insurance in the amounts specified. Before commencing work under this contract, the Contractor shall certify to the Government in writing, that at least the kinds and minimum amounts of insurance required below have been obtained.

(a) Workers' Compensation and Employer's Liability--The Contractor is required to comply with applicable Federal and State workers' compensation and occupational disease statutes. If occupational diseases are not compensable under those statutes, they shall be covered under the employer's liability section of the insurance policy, except when contract operations are so commingled with a Contractor's commercial operations that it would not be practical to require this coverage. Employer's liability coverage of at least \$100,000 is required, except in States with exclusive or monopolistic funds that do not permit worker's compensation to be written by private carriers.

(b) General Liability--The Contractor shall provide bodily injury liability insurance coverage written on the comprehensive form policy of at least \$500,000 per occurrence.

(c) Automobile Liability--The Contractor shall provide automobile liability insurance written on the comprehensive form of policy. The policy shall provide for bodily injury and property damage liability covering the operation of all automobiles used in connection with performing the contract. Policies covering automobiles operated in the United States shall provide coverage of at least \$200,000 per person and \$500,000 per occurrence for bodily injury and \$20,000 per occurrence for property damage. The amount of liability coverage on other policies shall be commensurate with any legal requirements of the locality and sufficient to meet normal and customary claims.

5.2 KEY PERSONNEL

As provided on page 50 of AT&T's proposal, dated June 13, 1996, and presented on June 17, 1996, the key personnel positions shall be: Call Center Director; Assistant Director/Quality Assurance; Call Center Manager, and Agent Supervisor(s)/Trainer(s) (see Attachment 2). No substitutions shall be made without prior notification to and concurrence of the Government. All proposed substitutes shall meet or exceed the qualifications of the person to be replaced. The Government shall be notified in writing of any proposed substitution at least forty-five days in advance of the proposed substitution.

5.3 SAFEGUARDING OF INFORMATION

The Contractor and its employees shall exercise the utmost discretion in regard to all matters relating to their duties and functions. They shall not communicate to any person any information known to them by reason of their performance of services under this contract which has not been made public,

except in the necessary performance of their duties or upon written authorization of the Government. All documents and records (including photographs and electronic records) generated during the performance of work under this contract shall be for the sole use of and become the exclusive property of the U.S. Government. Furthermore, no article, book, pamphlet, recording, broadcast, speech, television appearance, film or photograph concerning any aspect of work performed under this contract shall be published or disseminated through any media without the prior written authorization of the Government. These obligations do not cease upon the expiration or termination of this contract. The Contractor shall include the substance of this provision in all contracts of employment and in all subcontracts hereunder.

5.4 PRIVACY ACT

The Contractor will be required to operate a system of records on individuals, to accomplish an agency function subject to the Privacy Act of 1974, Public Law 93-579, December 31, 1974 (5 U.S.C. 552a) and applicable agency regulations. Violation of the Act may involve the imposition of criminal penalties.

(a) The Contractor agrees to -

(1) Comply with the Privacy Act of 1974 (the Act) and the agency rules and regulations issued under the Act in the operation of any system of records on individuals to accomplish an agency function when the contract specifically identifies

(i) The systems of records; and

(ii) The operation work that the Contractor is to perform;

(2) Include the Privacy Act notification contained in this contract in every solicitation and resulting subcontract and in every subcontract awarded without a solicitation, when the work statement in the proposed subcontract requires the design, development, or operation of a system of records on individuals that is subject to the Act; and

(3) Include this clause, including this subparagraph (3), in all subcontracts awarded under this contract which requires the design, development, or operation of such a system of records.

(b) In the event of violations of the Act, a civil action may be brought against the agency involved when the violation concerns the operation of a system of records on individuals to accomplish an agency function, and criminal penalties may be imposed upon the officers or employees of the agency when the violation concerns the operation of a system of records on individuals to accomplish an agency function. For purposes of the Act, when the contract is for the operation of a system of records on individuals to accomplish an agency function, the Contractor and any employee of the Contractor is considered to be an employee of the agency.

(c) The Department of State shall be afforded access to Contractor facilities and records to ensure continued efficacy and efficiency of

safeguards against threats and hazards to data security, integrity and confidentiality. The safeguards that the Department of State requires the Contractor to adhere to are contained in the Department of State's Privacy Act Guidelines, 5 FAM 400, Records Management.

(d) The system of records on individuals under the requirements of the Act are: (1) Travel Documents Issuance System (TDIS); (2) Passport Files Miniaturization (PFM); (3) Multiple Issuance Verification (MIV); (4) customer and billing records that identify individuals; and (5) any records developed or generated as a result of the information provided in (1), (2), (3) or (4).

(e) (1) "Operation of a system of records," as used in this clause, means performance of any of the activities associated with maintaining the system of records, including the collection, use, and dissemination of records.

(2) "Record," as used in this clause, means any item, collection, or grouping of information about an individual that is maintained by an agency, including, but not limited to, education, financial transactions, medical history, and criminal or employment history and that contains the person's name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a fingerprint or voiceprint or a photograph.

(3) "System of records on individuals," as used in this clause means a group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual.

5.5 GRATUITIES

(a) The right of the Contractor to proceed may be terminated by written notice if, after notice and hearing, the agency head or a designee determines that the Contractor, its agent, or another representative

(1) Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official, or employee of the Government; and

(2) Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

(b) The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

(c) If this contract is terminated under paragraph (a) above, the Government is entitled to pursue the same remedies as in a breach of the contract; and

(d) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

5.6 UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL DISADVANTAGED BUSINESS CONCERNS

(a) It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems.

(b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance.

5.7 CONVICT LABOR

The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing this contract except as provided by 18 U.S.C. 4082(c)(2) and Executive Order 11755, December 29, 1973.

5.8 EQUAL OPPORTUNITY

(a) During performance of this contract, the Contractor agrees as follows:

(1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

(2) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to, (i) employment, (ii) upgrading, (iii) demotion, (iv) transfer, (v) recruitment or recruitment advertising, (vi) layoff or termination, (vii) rates of pay or other forms of compensation, and (viii) selection for training, including apprenticeship.

5.9 DRUG-FREE WORKPLACE

The Contractor shall publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition.

5.10 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES

(a) Unless advance written approval of the Government is obtained, the Contractor shall not acquire for use in the performance of this contract-

(1) Any supplies or services originating from sources within the communist areas of North Korea or Cuba;

(2) Any supplies that are or were located in or transported from or through North Korea or Cuba.

(b) The Contractor shall not acquire for use in the performance of this contract supplies or services originating from sources within Iraq, any supplies that are or were located in or transported from or through Iraq, or any supplies or services from entities controlled by the Government of Iraq.

(c) The Contractor agrees to insert the provisions of this clause, including this paragraph (c), in all subcontracts hereunder.

5.11 DISPUTES

(a) All disputes arising under or relating to this contract shall be resolved under this clause.

(b) "Claim," as used in this clause, means a written demand or written assertion by one of the parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$50,000 is not a claim until certified as required by subparagraph (c)(2) below. The submission may be converted to a claim, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(c)(1) A claim by the Contractor shall be made in writing and submitted to the Government for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Government.

(2)(i) Contractors shall provide the certification specified in subparagraph (c)(2)(iii) of this clause when submitting any claim exceeding \$50,000.

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am duly authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.

(d) For Contractor claims of \$50,000 or less, the Government must, if requested in writing by the Contractor, render a decision within 60 days of

the request. For Contractor-certified claims over \$50,000, the Government must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(e) The Government's decision shall be final unless the Contractor appeals or files a suit.

(f) The Government shall pay interest on the amount found due and unpaid from

(1) the date the Government receives the claim (certified, if required); or

(2) the date that payment otherwise would be due, if that date is later, until the date of payment. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury, which is applicable to the period during which the Government receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(g) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the Government.

5.12 BANKRUPTCY

In the event the Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Contractor agrees to furnish, by certified mail or electronic commerce method authorized by the contract, written notification of the bankruptcy to the Government agency responsible for administering the contract. This notification shall be furnished within five days of the initiation of the proceedings relating to bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, and the identity of the court in which the bankruptcy petition was filed.

5.13 TERMINATION FOR CONVENIENCE OF THE GOVERNMENT

(a) The Government may terminate performance of work under this contract in whole or, from time to time, in part if the Government determines that a termination is in the Government's interest. The Government shall terminate by delivering to the Contractor a Notice of Termination specifying the extent of termination and the effective date. The Notice of Termination will be issued a minimum of sixty days prior to the effective date. Such termination shall be without any liability on the part of the Government to reimburse the Contractor for losses incident to such termination from any cause whatsoever.

(b) After receipt of a Notice of Termination, and except as directed by the Government, the Contractor shall immediately proceed with the following obligations:

(1) Stop work as specified in the notice.

(2) Place no further subcontracts or orders (referred to as subcontracts in this clause) for materials, services, or facilities, except as necessary to complete the continued portion of the contract.

(3) Terminate all subcontracts to the extent they relate to the work terminated.

(4) Complete performance of the work not terminated.

(5) Take any action that may be necessary, or that the Government may direct, for the protection and preservation of the property related to this contract that is in the possession of the Contractor and in which the Government has or may acquire an interest.

5.14 DEFAULT

(a)(1) The Government may, by written notice of default to the Contractor, terminate this contract immediately in whole or in part if the Contractor fails to -

(i) To perform the services within the time specified in this contract or any extension;

(ii) Make progress, so as to endanger performance of this contract; or

(iii) Perform any of the other provisions of this contract.

(2) The Government's right to terminate this contract may be exercised if the Contractor does not cure such failure within 24 hours (or more if authorized in writing by the Government) after receipt of the notice from the Government specifying the failure.

(b) If the contract is terminated pursuant to subsection (a)(1), the Government shall have no liability to the Contractor for any losses whatsoever incident to such termination, including but not limited to unrecovered costs, termination expenses, and lost profits.

5.15 FORCE MAJEURE

Subject to the other terms and conditions of this contract, the Contractor shall not be liable for any default or delay in the performance of its obligations under the contract if and to the extent such default or delay is caused, directly or indirectly, by Governmental acts, fire, flood, earthquake, elements of nature or acts of God, strikes, lock-outs or other labor disturbance, riots, civil disorders, rebellions or revolutions in any country, or any other similar cause beyond the reasonable control of the Contractor; provided the Contractor did not cause such default or delay, and such default or delay cannot reasonably be circumvented by the Contractor through the use of alternate sources, work around plans or other means (but nothing under this condition shall obligate the Contractor to settle any strikes, lock-outs or other labor disturbances); provided further that nothing in this condition shall excuse the Contractor from its obligations to perform disaster recovery activities and that any strike or other labor disturbance shall not excuse the

Contractor from performance of any of its obligations hereunder unless the physical safety of the Contractor's employees is threatened.

In such event, the Contractor will be excused from further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and the Contractor continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay, but in no event for a period greater than thirty (30) calendar days. The Contractor being so delayed in its performance shall immediately notify the Government by telephone (to be confirmed in writing within two working days of the inception of such delay) and describe at a reasonable level of detail the circumstances causing such delay. If any of the above-enumerated circumstances substantially prevent, hinder, or delay performance of the services under this contract, then the Government may procure such services from an alternate source for so long as the delay in performance shall continue.

In addition, the Government may terminate this contract as of a date specified by the Government in a written notice of termination to the Contractor if all of the services under this contract are not fully restored within 30 days. The Contractor shall not have the right to any claims against the Government as a result of any force majeure occurrence.

5.16 ARAB LEAGUE BOYCOTT OF ISRAEL

(a) *Definitions.* As used in this clause:

(1) The term "foreign person" means any person other than a United States person as defined in paragraph (2); and

(2) The term "United States person" means any United States resident or national (other than an individual resident outside the United States and employed by other than a United States person), any domestic concern (including any permanent domestic establishment of any foreign concern), and any foreign subsidiary or affiliate (including any permanent foreign establishment) of any domestic concern which is controlled in fact by such domestic concern, as determined under regulations of the President.

(b) *Certification.* By submitting this offer, the Contractor certifies that it is not:

(1) Taking or knowingly agreeing to take any action, with respect to the boycott of Israel by Arab League countries, which Section 8(a) of the Export Administration Act of 1979, as amended (50 U.S.C. App. 2407(a)) prohibits a United States person from taking, or

(2) Discriminating in the award of subcontracts on the basis of religion.

5.17 SECTION 8(a) OF THE EXPORT ADMINISTRATION ACT OF 1979, AS AMENDED

(a) Section 8(a) of the U.S. Export Administration Act of 1979, as amended (50 U.S.C. 2407(a)), prohibits compliance by U.S. persons with any boycott fostered by a foreign country against a country which is friendly to the United States and which is not itself the object of any form of boycott pursuant to United States law or regulation. The Boycott of Israel by Arab League countries is such a boycott, and therefore, the following actions if taken with intent to comply with, further, or support the Arab League boycott of Israel, are prohibited activities under the Export Administration Act:

(1) Refusing, or requiring any person or firm to refuse, to do business with or in Israel, with any Israeli business concern, or with any national or resident of Israel, or with any other person, pursuant to any agreement with, a requirement of, or a request from or on behalf of the boycotting countries;

(2) Refusing, or requiring any person or firm to refuse, to employ or otherwise discriminating against any person on the basis of race, religion, sex, or national origin of that person or of any owner, officer, director, or employee of such person;

(3) Furnishing information with respect to the race, religion, or national origin of any person or firm or of any owner, officer, director, or employee of such firm;

(4) Furnishing information about whether any person has, has had, or proposes to have any business relationship (including a relationship by way of sale, purchase, legal or commercial representation, shipping or other transport, insurance, investment, or supply) with or in the State of Israel, with any business concern organized under the laws of the State of Israel, with any Israeli national or resident, or with any person which is known or believed to be restricted from having any business relationship with or in Israel.

(5) Furnishing information about whether any person is a member of, has made contributions to, or is otherwise associated with or involved in the activities of any charitable or fraternal organization which supports the State of Israel;

(6) Paying, honoring, confirming, or otherwise implementing a letter of credit which contains any condition or requirement against doing business with the State of Israel.

(b) Under Section 8(a), the following types of activities are not forbidden "compliance with the boycott," and are therefore exempted from Section 8(a)'s prohibitions listed in paragraphs (1) - (6) above:

(1) Complying or agreeing to comply with requirements:

(i) Prohibiting the import of goods or services from Israel or goods produced or services provided by any business concern organized under the laws of Israel or by nationals or residents of Israel, or

(ii) Prohibiting the shipment of goods to Israel on a carrier of Israel, or by a route other than that prescribed by the boycotting country or the recipient of the shipment;

(2) Complying or agreeing to comply with import and shipping document requirements with respect to the country of origin, the name of the carrier and route of shipment, the name of the supplier of the shipment or the name of the provider of other services, except that no information knowingly furnished or conveyed in response to such requirements may be stated in negative, blacklisting, or similar exclusionary terms, other than with respect to carriers or route of shipments as may be permitted by such regulations in order to comply with precautionary requirements protecting against war risks and confiscation;

(3) Complying or agreeing to comply in the normal course of business with the unilateral and specific selection by a boycotting country, or national or resident thereof, of carriers, insurance, suppliers of services to be performed within the boycotting country or specific goods which, in the normal course of business, are identifiable by source when imported into the boycotting country;

(4) Complying or agreeing to comply with the export requirements of the boycotting country relating to shipments or transshipment of exports to Israel, to any business concern of or organized under the laws of Israel, or to any national or resident of Israel;

(5) Compliance by an individual or agreement by an individual to comply with the immigration or passport requirements of any country with respect to such individual or any member of such individual's family or with requests for information regarding requirements of employment of such individual within the boycotting country; and

(6) Compliance by a person resident in a foreign country or agreement by such person to comply with the laws of that country with respect to his activities exclusively therein, and such regulations may contain exceptions for such resident complying with the laws or regulations of that foreign country governing imports into such country of trademarked, trade named, or similarly specifically identifiable products, or components of products for his own use, including the performance of contractual services within that country, as may be defined by such regulations.

5.18 INDEMNIFICATION

The Contractor expressly agrees to indemnify and to save the Government, its officers, agents, servants, and employees harmless from and against any claim, loss, damages, injury, and liability, however caused, resulting from or arising out of the Contractor's fault or negligence in connection with the performance of work under this contract. Further, any negligence or alleged negligence of the Government, its officers, agents, servants, or employees, shall not bar a claim for indemnification unless the act or omission of the Government, its officers, agents, servants, or employees is the sole

competent, and producing cause of such claim, loss, damages, injury, or liability.

5.19 WORK STANDARDS

Vendor warrants that all services shall be rendered with promptness and diligence and shall be executed, in accordance with the practices and high professional standards used in well-managed operations performing services similar to this contract.